

## Peer Review Plan

Title of Review:	An Economic Model for Routine Analysis of the Welfare Effects of Regulatory Changes	<input checked="" type="checkbox"/> <b>Influential Scientific Information</b>
Agency:	USDA Animal and Plant Health Inspection Service	<input type="checkbox"/> <b>Highly Influential Scientific Assessment</b>
Agency Contact:	Frank Fillo, USDA-APHIS-Policy and Program Development, 4700 River Road, Unit 119, Riverdale, MD 20737 USA, 301-734-4321, fax 301-734-5899	
Subject of Review:	<p>In the mid 90's, the Baseline Analysis System (BAS model) was developed for the purpose of systematically analyzing the spread and control of diseases of concern to Veterinary Services, as well as trade impacts of APHIS rulemaking. With respect to trade issues, the BAS model has been used by APHIS for the economic analysis of a number of rules, including most recently the BSE minimal-risk regions rules.</p> <p>This model is a net trade, partial equilibrium welfare model. Net trade is the value of the difference between exports and imports. Partial equilibrium means that the model results are based on maintaining a commodity-price equilibrium in a limited portion of an overall economy. Welfare refers to benefits and losses to society, as measured by changes in consumer and producer surplus. Consumer surplus is the difference between what a consumer pays for a unit of a good and the maximum amount that the consumer would be willing to pay for that unit. Producer surplus is the difference between the amount a producer is paid for a unit of a good and the minimum amount that the producer would accept to supply that unit.</p> <p>APHIS can use the model to estimate price, quantity, and welfare effects due to a particular economic change, such as a resumption of cattle imports from Canada. In this example, the model can tell the agency how much prices, U.S. production, and producers' welfare may decline, and how much consumption and consumers' welfare may increase, given the additional supply of cattle.</p>	
Purpose of Review:	The purpose of the review is to assess the validity of the model's theoretical structure and verify the mathematical equations and relationships that define that structure.	
Type of Review:	<input type="checkbox"/> Panel Review <input checked="" type="checkbox"/> Individual Reviewers	
	<input type="checkbox"/> Alternative Process (Briefly Explain):	

Timing of Review (Est.):                      Start:      8/2005                      End:      12/2006      Completed:      6/2007

Number of Reviewers:                      ☐ 3 or fewer                      ☒ 4 to 10                      ☐ More than 10

Primary Disciplines/Types of Expertise Needed for Review:      Economics

---

---

Reviewers selected by:                      ☒ Agency                      ☒ Designated Outside Organization

Organization's Name:      USDA-Office of Risk Assessment and Cost Benefit Analysis

---

Opportunities for Public Comment?                      ☐ Yes                      ☒ No

If yes, briefly state how and when these opportunities will be provided:

How: \_\_\_\_\_

When: \_\_\_\_\_

Peer Reviewers Provided with Public Comments?                      ☐ Yes                      ☒ No

Public Nominations Requested for Review Panel?                      ☐ Yes                      ☒ No

